

THE MINERAL INDUSTRIES OF ESTONIA, LATVIA, AND LITHUANIA

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ESTONIA

The Estonian gross domestic product (GDP) grew in real terms by 5% in 2003. Inflation declined modestly to 1.7%. Estonia's mineral industry centered around such locally available raw materials as oil shale and peat. Other industrial minerals mined included clays, limestone, sand and gravel, and silica sand. Almost energy independent, the country supplied 90% of its electricity requirements with oil shale; petroleum products, however, were imported from Russia and Western Europe. The privatization of state-owned companies was complete except for port facilities and powerplants (International Monetary Fund, 2003§¹).

Estonia is located at the crossroads of East and West and had a transshipment capability for grain and petroleum products. The Ports of Muuga and Tallinn were expected to handle more than 25 million metric tons per year (Mt/yr) of Russian oil products in 2003. The country signed the European Union (EU) accession treaty in April 2003. Its liberal foreign trade regime contained few tariff or nontariff barriers. Major importers to the Estonian market were Finland, Russia, Sweden, the United States, and other EU members (U.S. Department of State, 2004).

In 2003, production of cement increased by 8.6% compared with that of 2002 owing to the higher demand of cement and the increased output of clays and limestone. Strong demand for sand and gravel in the construction industry caused its output to be more than doubled. Extraction of oil shale maintained the same production level as that of 2002.

Reference Cited

U.S. Department of State, 2004, Estonia: U.S. Department of State Country Background Note, May, p. 11.

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LATVIA

Latvia's economy performed well with a GDP growth rate of 5.5% in 2003. Per capita GDP in purchasing power parity grew by 11% to \$3,984. The country has no significant mineral resources, but does have the only steel mill in the Baltic States. Latvia is an important East-West commercial and trading center and a transit point for Russian oil and gas to Europe. The country proceeded with market-oriented economic reforms and privatized all the state-owned small- and medium-sized companies. The private sector accounted for 70% of the GDP (U.S. Department of State, 2004).

Thermal Technology Consultancy Ltd. of the United Kingdom sold a complete plant with a tilting rotary furnace at its heart for secondary aluminum production to Latvia. The Latvian plant incorporated two holding furnaces, a split launder, and a casting machine. A comprehensive filtration plant controlled particulate and gaseous emissions. Metal recoveries were between 87% and 90% (TTC^o Ltd., 2003§).

The Government claimed that there were 63 million barrels of onshore oil reserves and indicated impending onshore oil and gas exploration tenders following changes in regulations. A number of companies, such as Anadarko Petroleum Corp., Hunt Oil Co., and JKN Oil & Gas plc., expressed interest in onshore exploration (Petroleum Economist, 2003).

Yukos Oil Co. of Russia denied any interest in taking control of Latvia's oil port Ventspils with a capacity of 17.5 Mt/yr that was due for privatization at yearend. The Government owned a 43% stake in Ventspils, and a consortium of several small shareholders owned the rest. Russia exported oil to Western markets through Latvia. Transneft Open Joint Stock Oil Transporting Co., which was the Russian state pipeline monopoly, decided to halt oil exports to Ventspils in the first quarter of 2003. Transneft claimed that the port's tariffs were too high. Latvia claimed that Russia was pressuring it to sell Ventspils to Russian investors. Normally shipments of 350,000 barrels per day were reported through a 550-kilometer (km) pipeline from Polotsk in western Russia. Latvia might increase the capacity for railway shipments of oil products (Reuters, 2003§). Latvia asked the EU to help resolve the dispute about oil shipments. Transneft would consider reopening the pipeline to Ventspils for Russian oil if Transneft acquired a 50% stake.

A/S Ventspils Nafta planned to build a new offloading facility at the port that would more than double the amount of crude oil delivered by rail in mid-2004. Three rail offloading units were in operation, but only one, which had a capacity of 3 Mt/yr, was designed for crude oil. The new \$14 million unit would add capacities of 5.5 Mt/yr of petroleum products and 4.6 Mt/yr of crude oil (Platts, 2003§).

¹References that include a section mark (§) are found in the Internet References Cited sections.

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Reuters, 2003 (February 25), Yukos says not interested in Latvian oil port, accessed February 25, 2003, at URL http://biz.yahoo.com/rm/030225/energy_yukos_latvia_1.htm.
TTC^o Ltd., 2003 (June 1), The right choice for secondary aluminum, accessed June 20, 2003, at URL <http://www.ttcfurnaces.com/html/instal.html>.

LITHUANIA

Lithuania's economy continued to grow with a GDP increase of 5.8% driven by private consumption and exports in 2003. Progress was made in the areas of privatization and deregulation. The privatization of major state-owned enterprises was not yet completed, but that of national gas and power companies was underway. The private sector contributed 75% of the economy and 70% of total employment. The country's mineral industry was limited to extracting peat and some industrial minerals and oil refining. Lithuania's exports to the EU members were 71% of the total, and those to the East were 19% (U.S. Department of State, 2004).

OJSC Gazprom of Russia made an offer of \$25 million for a 34% equity in the Lithuanian gas utility AB Lietuvos Dujos and acquired it in 2003. The remainder was held by the Government, 24.36%; a German joint venture between Ruhrgas AG and E. ON Energie, 35.49%; and other minor shareholders, 6.15% (Petroleum Economist, 2003).

AB Mazeikiai Nafta, which was 53.7% owned and taken over by Yukos in 2002, operated an oil refinery linked by a pipeline to an offshore terminal at Butinge on the Baltic coast. The Government owned 40.7%, and private investors, the rest. The oil refinery completed the first phase of its upgrade in 2003. The oil terminal had a handling capacity of 14 Mt/yr. Yukos pumped 11 million metric tons (Mt) of crude oil via Butinge in 2003 and would increase exports through Butinge terminal by about 20% to 13 Mt in 2004 (Peninsula, The, 2003§).

Dujotekana, which was the country's largest natural gas importer, considered building an underground gas storage facility in western Lithuania. ESK Co. of Germany would conduct a study for a facility that could store from 200 million to 500 million cubic meters of gas. Two possible sites were under consideration—near the Genciu or Kretinga oilfields and near Salantai, which is located 25 km north of Kretinga. Dujotekana imported 1.7 billion cubic meters of gas in 2003; this was up from the 1.2 billion cubic meters in 2002. Lithuania gas imports were 2.8 billion cubic meters for 2003 (Platts, 2003§).

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Platts, 2003 (September 15), Lithuania's Dujotekana details planned 500-mil cu m gas storage, accessed September 15, 2003, at URL <http://www.platts.com/archives/103101.html>.

TABLE 1
ESTONIA, LATVIA, AND LITHUANIA: PRODUCTION OF MINERAL COMMODITIES¹

(Metric tons unless otherwise specified)

Country and commodity	1999	2000	2001	2002	2003
ESTONIA					
Cement	357,700	329,100	404,600	466,000	506,200
Clays:					
For brick thousand cubic meters	107,100	97,200	119,800	149,200	134,900
For cement do.	38,400	37,700	25,700	19,000	27,300
Limestone ^e	290,000	300,000	300,000	366,200 ^r	372,200
Nitrogen, N content of ammonia	145,500	127,500	150,600	38,700	80,800
Oil shale thousand tons	10,685	11,727	11,837	12,400	12,608
Peat do.	1,299	760	844	1,508	1,012
Sand and gravel thousand cubic meters	1,063	1,247	1,325	2,033	4,470
Silica sand, industrial do.	18,300	39,600	31,600	22,500	41,300
LATVIA					
Cement	W	W	W	260,397 ^r	295,205
Gypsum	W	W	W	217,074 ^r	159,133
Limestone	W	W	W	393,285 ^r	431,590
Peat	956,353	456,456	555,003	1,484,970 ^r	1,076,142
Sand and gravel	787,317	790,257	688,904	761,614 ^r	1,044,959
Steel:					
Crude	483,744	500,292	W	507,194 ^r	545,626
Products	518,022 ^r	549,334 ^r	W	W	W
LITHUANIA²					
Cement	666,000	569,500	529,100	605,800 ^r	596,900
Limestone	1,077,900	783,300	894,000	984,300 ^r	944,600
Nitrogen, N content of ammonia	401,300	509,900	443,800 ^r	468,300 ^r	461,800
Peat	390,100	245,500	273,000	513,000	366,900
Petroleum:					
Crude	250,000 ^e	317,900	470,000	433,700 ^r	382,800
Refinery products	4,506,700	4,658,200	6,543,500	6,447,700	7,101,000

^eEstimated; estimated data are rounded to no more than three significant digits. ^rRevised. W Withheld to avoid disclosing proprietary data.

¹Table includes available data through September 16, 2004.

²Lithuania produces other industrial minerals, which include clays and sand and gravel; consistent data for deriving a multiyear production series are unavailable.